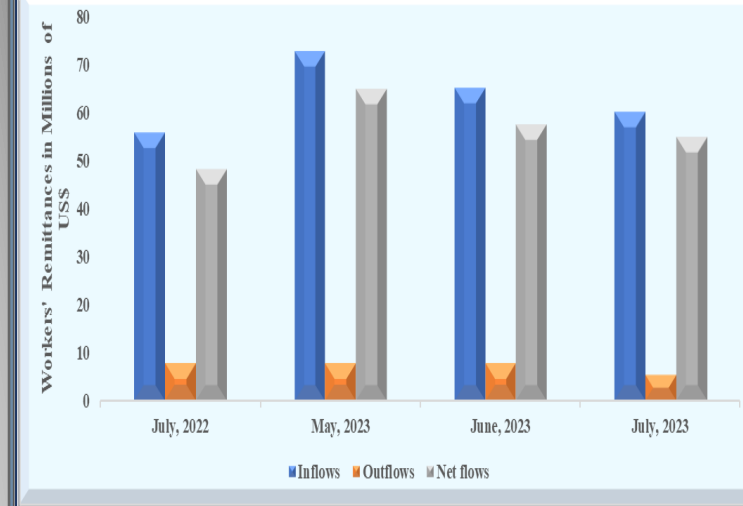


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ECONOMIC  
REVIEW**

**JULY 2023  
VOLUME 9 No. 7**



**CENTRAL BANK OF LIBERIA**



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**Table 8: Developments in Global Commodity Prices**

GLOBAL PRICE	Jul- 22	May- 23	Jun- 23	Jul-23	Percent Change	
					MoM	YoY
<b>(Commodity price per Unit of Measure)</b>						
Iron ore (US\$/MT)	108.57	105.15	113.45	114.43	0.86	5.40
Gold (US\$/Oz)	1,732.74	1,992.13	1,942.90	1,951.02	0.42	12.60
Rubber (US\$/MT)	1,780.00	1,560.00	1,530.00	1,492.50	(2.45)	(16.15)
Cocoa Beans (US\$/MT)	2,240.00	2,960.00	3,170.00	3,387.46	6.86	51.23
Palm oil (US\$/MT)	1,056.64	934.06	816.97	878.50	7.53	(16.86)
Crude oil (US\$/BBL)	105.08	74.12	73.26	78.98	7.81	(24.84)
Food Price Index (FAO) <sup>1</sup>	140.70	124.00	122.30	123.90	1.31	(11.94)
Rice_5% broken (US\$/MT)	418.00	510.00	514.00	524.00	1.95	25.36
Sugar (US\$/MT)	400.00	560.00	540.00	521.17	(3.49)	30.29
Commodity Price Index No <sup>2</sup>	228.7	157.11	154.29	158.73	2.88	(30.59)

*1/Commodity Food Price Index includes Cereal, Vegetable Oils, Meat, Seafood, Sugar, Bananas, and Oranges Price Indices*  
*2/ Commodity Price Index includes both Fuel and Non-Fuel Price Indices*

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## 1.0 INTRODUCTION

The Monthly Economic Review (MER) is published by the Research, Policy, and Planning Department (RPPD) of the Central Bank of Liberia (CBL). It is a regular publication that provides a snapshot of economic developments in key sectors (Real, Monetary, Fiscal and External) of the Liberian economy. The MER also highlights the Monetary Policy Stance of the CBL and provides a synopsis of exchange rate developments in the West African Monetary Zone (WAMZ).

This Edition represents Volume 9 Number 7.

## 2.0 OVERVIEW

Production statistics of major commodities, especially from the mining subsector, showed improved performance in July 2023 compared to June 2023. Outputs of iron ore, gold, diamond, and beverages reported increases due mainly to improved mining activities coupled with increase in the demand for the commodities. However, rubber, and cement productions fell during the period against the preceding month, on account of declines in the global price, and construction-related activities of the commodities, respectively.

Headline inflation moderated to 11.1 percent in July 2023, from 12.4 percent in June 2023, driven by decrease in prices of clothing and footwear, housing, water, electricity, gas & other fuels, furnishings, health, transport, and restaurants & hotels major groups in the Consumer Price Index (CPI) basket.

The Central Bank of Liberia's (CBL) monetary policy stance continued to be anchored on price stability with emphasis on the management of Liberian dollar liquidity. As part of the CBL's monetary policy operations, the Bank issued bills at tenors of two-week, one-month, and three-month at the Monetary Policy Rate (MPR) of 17.5 percent per annum.

Broad money (M2) supply increased by 7.0 percent to L\$199.14 billion at end-July 2023 relative to the L\$186.18 billion reported at end-June 2023. On the liability side, the growth was mainly driven by increases in time & savings, and demand deposits, while on the asset side, it was largely due to growths in net foreign asset (NFA) of banking institutions and net credit to government. Currency in circulation increased to L\$26.38 billion at end-July 2023 against the stock reported during the preceding month, induced by growth in currency outside banks.

## 7.8 Rice

The price for rice increased by 2.0 percent to US\$524.00 per metric ton in July 2023, from US\$514.00 per metric ton in the previous month. This development was on account of decline rice inventories mainly in India and trade restrictions on some rice producing countries. Annual comparison indicated that the price of rice grew by 25.4 percent, from US\$418.00 per metric ton in July 2022.

## 7.9 Cocoa Beans

Cocoa beans price grew for the second consecutive month by 6.9 percent to US\$3,387.46 in July 2023, from US\$3,170.00 per metric ton in the preceding month. The increase was occasioned by unfavorable weather conditions that threatened cocoa productions in Cote d'Ivoire and Ghana, two of the world major cocoa producers. Compared to July 2022, the price of cocoa beans increased by 51.2 percent, from US\$2,240.00 per metric ton.

### 7.3 Crude Oil (Petroleum) price

Petroleum price grew by 7.8 percent to US\$78.98 per barrel in July 2023 against the preceding month. The increase in petroleum price was driven by cuts in global supply triggered by some OPEC members to reduced production. When compared to July 2022, the price of the commodity declined by 24.8 percent, from US\$105.08 per barrel.

### 7.4 Rubber

Rubber price plummeted by 2.5 percent to US\$1,492.50 per metric ton, from the US\$1,530.00 per metric ton recorded in June 2023, on account of persistent weak global demand and continued high inflation in the US. Year-on-year comparison showed that rubber prices decreased by 16.15 percent from US\$1,780.00 per metric ton in July 2022.

### 7.5 Food Price (FAO)

The FAO food price index (FFPI) increased by 1.3 percent to US\$123.90 during the review month, from US\$122.30 in June 2023. The increase was caused by a rebound in the indices of vegetable oils, cereals, and dairy.

### 7.6 Sugar

The price of sugar declined to US\$521.17 per metric ton, from US\$540.00 per metric ton in the previous month. Annual comparison showed that the price of sugar increased by 30.6 percent, from US\$400.00 per metric ton in July 2022.

### Palm Oil

The price of palm oil rose by 7.5 percent to US\$878.50 per metric ton, from US\$816.97 per metric ton in June 2023. Compared to the corresponding month in 2022, the price of the commodity fell by 16.9 percent, from US\$1,056.64 per metric ton.

The financial soundness indicators of the Liberian banking system remained favorable during the review period as commercial banks were largely in compliance with most of the regulatory requirements of the CBL. The industry liquidity ratio increased by 2.86 percentage points to 45.87 percent, while the Capital Adequacy Ratio (CAR) remained above the regulatory requirement at 18.68 percent at end-July 2023. Similarly, Return on Assets (ROA) grew by 0.28 percentage point to 1.33 percent, while Return on Equity (ROE) rose by 1.85 percentage points to 9.64 percent at end-July 2023.

The Government of Liberia's (GoL) fiscal operations improved as the overall balance grew to a surplus amounting to 0.8 percent of GDP in July 2023, from 0.2 percent of GDP in June 2023, significant increase in total revenue which outweighed the rise in government total expenditure. The total public debt rose by 3.2 percent to 50.6 percent of GDP at end-July 2023 compared to the debt stock reported at end-June 2023, explained by 5.8 percent increase external debt.

The merchandise trade deficit narrowed by 44.9 percent to 0.3 percent of GDP in July 2023 relative to the previous month, on account of growth in export receipts coupled with decline in import payments. Similarly, total merchandise trade decreased by 3.1 percent to 4.8 percent of GDP due to decline in import payments.

Gross International Reserves (GIR) declined by 3.1 percent to 11.6 percent of GDP at end-July 2023 relative to the GIR reported in the previous month, largely driven by growth in GoL demand deposits during the period. Conversely, the months of import cover grew to 3.8 months, 0.8 month above the ECOWAS minimum regional threshold.

Net personal remittance inflows (including remittances terminated through mobile wallet) declined by 4.6 percent to US\$54.8 million (1.3 percent of GDP) in July 2023 against the amount recorded in June 2023, mainly led by reduction in inward remittances. The Liberian dollar depreciated against the US dollar on both average and end-period basis by 4.8 percent and 3.2 percent to L\$183.98/US\$1.00 and L\$186.28/US\$1.00 in July 2023, respectively, compared to June 2023. This development was driven by the demand for foreign exchange to facilitate payments for imports during the period.

### 3.0 REAL SECTOR & PRICE DEVELOPMENTS

#### 3.1 Production Analyses of Key Commodities

Production statistics of commodities showed that performance was largely favorable in July 2023 relative to the previous month as gold, iron ore, diamond, and beverages' outputs increased while cement and rubber production declined.

In the mining subsector, gold, iron ore and diamond outputs rose by 44.3 percent, 4.2 percent, and 5.5 percent to 44,449 ounces, 370,000 metric tons, and 3,141 carats in July 2023, respectively, against the outputs reported in the previous month. This development was due mainly to improved mining activities coupled with rise in the global prices of these commodities.

For the manufacturing subsector, beverages (alcoholic and nonalcoholic) production grew by 47.4 percent to 2.58 million liters during the review month, up from the 1.75 million liters reported in June 2023. The growth was on account of increase in consumption of beverages triggered mostly by events marking the closure of academic activities, and the festive period commemorating Liberia's Independence Day. Of the total beverages produced, alcoholic beverages accounted for 43.0 percent while non-alcoholic beverages constituted 57.0 percent. Conversely, cement output fell by 9.7 percent to 35,362 metric tons in July 2023, from the 39,149 metric tons produced in the preceding month. The moderation in cement production mainly reflected declined construction-related activities due to the rainy season.

In the agriculture subsector, rubber output declined by 37.5 percent to 3,187 metric tons, from the 5,099 metric tons recorded in June 2023. The decrease in rubber output was mainly explained by decline in the global price of the commodity during the review period.

#### 3.2 Consumer Prices

Headline inflation moderated to 11.1 percent in July 2023, from 12.4 percent in June 2023. This development was driven by decrease in prices of clothing and footwear, housing, water, electricity, gas & other fuels, furnishings, health, transport, and restaurants & hotels major groups in the Consumer Price Index (CPI) basket. However, on a month-on-month basis, inflation rose to 5.0 percent, from 2.2 percent in June 2023, mainly due to increase in prices of all commodities in the CPI basket except communication, and restaurants & hotel.

Additionally, core inflation<sup>1</sup> moderated by 3.2 percentage points to 9.6 percent in July 2023, from the 12.8 percent recorded in the preceding month. The moderation was largely induced by decrease in the prices of non-food-related, and non-transport-related items.

**Table 7: Exchange Rate Developments in Liberia and the WAMZ Countries**

Rate & Currency	Jul-22	May-23	Jun-23	Jul-23	Appr (+)/Depr (-)	
					MoM	YoY
<b>Exchange Rate</b>	<b>LD/USD</b>				<b>Percent change</b>	
	<b>Currency per USD</b>					
GHC	7.56	10.92	10.98	11.00	(0.2)	(31.3)
GMD	54.12	59.02	58.55	58.47	0.1	(7.4)
GNF	8,610.44	8,508.26	8,512.00	8,514.31	(0.0)	1.1
LRD	153.14	167.19	175.13	183.98	(4.8)	(16.8)
NGN	415.46	460.60	572.55	768.10	(25.5)	(45.9)
SLL	13.91	22.64	21.05	20.15	4.4	(31.0)
<b>Avg Period</b>						
LRD	153.38	169.10	180.28	186.28	(3.2)	(17.7)

Source: CBL, WAMA: [www.amao-wama.org/](http://www.amao-wama.org/)

GHC - Ghanaian cedi; LD - Liberian dollar; GMD - Gambian dalasi; GNF - Guinean franc; NGN - Nigerian naira; SLL—Sierra Leonean leone; USD – United States dollar

### 7.0 GLOBAL COMMODITY PRICE DEVELOPMENTS

The Commodity Price Index of fuel & non-fuel commodities, and the Food and Agriculture Organization (FAO) food price index (FFPI) increased in July 2023 against the preceding month.

#### 7.1 Iron Ore

The price of iron ore increased by 0.9 percent to US\$114.43 per metric ton in July 2023, from US\$113.45 per metric ton in June 2023. This development was driven by increase in global demand due mainly to the rise in demand for steel in China. The year-on-year comparison indicated that the price rose by 5.4 percent, from the US\$108.57 per metric ton recorded in July 2022.

#### Gold

The price of gold surged by 0.4 percent to US\$1,951.02 per ounce during the review month, from US\$1,942.90 per ounce in June 2023. Gold price was induced by higher global interest rates especially in the U.S. Year-on-year comparison showed that the price increased by 12.6 percent, from US\$1,732.74 per ounce recorded in July 2022.



### 6.3 Personal Remittances

Personal remittance inflows (net), including remittances terminated through mobile wallet, decreased by 4.6 percent to US\$54.8 million (1.3 percent of GDP) in July 2023, compared to the US\$57.4 million (1.3 percent of GDP) recorded in June 2023. This development was driven by 7.7 percent decline in inward remittances as outward remittances reduced by 31.5 percent during the review month. Inward and outward remittances amounted to US\$60.0 million and US\$5.2 million, from the US\$65.1 million and US\$7.6 million recorded, respectively, in June 2023.

### 6.4 Gross International Reserves

Gross International Reserves (GIR) reduced by 3.1 percent to US\$502.6 million (11.6 percent of GDP) at end-July 2023, from the US\$518.9 million (12.0 percent of GDP) recorded at end-June 2023. The decrease in the GIR was mainly driven by the depreciation of the Special Drawing Rights Holdings. However, the months of import cover slightly grew to 3.8 months, from 3.7 months in June 2023, on account of reduction in import payments. Consequently, the months of import cover remained well above the ECOWAS minimum regional threshold of 3.0 months by 0.8 (Table 6).

### 6.5 Exchange Rate Developments

On end-of-period basis, exchange rate developments showed that the Liberian dollar slightly depreciated against the United States dollar by 3.2 percent to L\$186.28/US\$1.00 at end-July 2023, from the L\$180.28/US\$1.00 rate reported at end-June 2023. The depreciation of the domestic currency was largely due to the demand for foreign exchange to facilitate payments for imports.

On a period-average basis, one (1) of the six (6) currencies in the West African Monetary Zone (WAMZ) was broadly stable, two (2) appreciated, while three (3) depreciated against the US dollar in July 2023 compared to the preceding month. The Guinean franc remained broad stability at GNF8,514/US\$1 against the US dollar while the Gambian dalasi and the Sierra Leonean leone appreciated against the US dollar by 0.1 percent and 4.4 percent, respectively. The three currencies that depreciated were the Ghanaian cedi by 0.2 percent; the Liberian dollar by 4.8 percent; and the Nigerian naira by 25.5 percent.

When compared with the corresponding period of 2022, almost all currencies in the WAMZ depreciated against the US dollars except the Guinean franc which appreciated by 1.1 percent. The dalasi, Liberian dollar, leone, cedi, and naira depreciated by 7.4 percent, 16.8 percent, 31.0 percent, 31.3 percent, and 45.9 percent, respectively, in July 2023 relative to June 2023.

**Table 1: Production and Price Statistics**

Production	Jul. -2022	May. -2023	Jun. -2023	Jul. -2023
	<i>(In Metric ton, Ounce, Carat and Liter)</i>			
Iron Ore (Metric ton)	350,000	400,000	355,000	370,000
Gold (Ounces)	29,167	47,551	30,798	44,449
Diamond (Carat)	2,682	3,414	2,978	3,141
Rubber (Metric ton)	6,496	7,671	5,099	3,187
Cement (Metric ton)	33,314	28,039	39,149	35,362
Total Beverages (liter)	1,304,610	1,681,961	1,745,326	2,583,483
Alcoholic	1,172,259	1,412,285	1,459,065	1,116,850
Non-Alcoholic	132,351	269,676	286,260	1,466,634
<b>Inflation</b>	<b><i>(In percent)</i></b>			
<b>Overall (Y-o-Y) Rate of Inflation</b>	<b>6.48</b>	<b>12.22</b>	<b>12.36</b>	<b>11.01</b>
a. Food and Non-alcoholic Beverage Inflation	(0.98)	8.08	13.30	16.51
- Domestic Food Inflation	(4.51)	(0.40)	11.92	14.76
- Imported Food Inflation	1.94	15.76	14.80	18.07
b. Transport Inflation	48.71	34.32	6.81	2.72
c. Imported Fuels Inflation	55.54	(3.83)	(15.90)	(7.97)
<b>Overall (M-o-M) Rate of Inflation</b>	<b>6.28</b>	<b>3.40</b>	<b>2.16</b>	<b>5.01</b>
<b>Core Inflation</b>				
Inflation excluding Food & NAB <sup>1</sup>	10.01	14.12	11.95	8.66
Inflation excluding Imported Food	7.39	11.53	11.94	9.64
Inflation excluding Domestic Food	8.74	14.05	12.24	10.15
<b>Inflation excluding Food and Transport</b>	<b>5.51</b>	<b>11.48</b>	<b>12.79</b>	<b>9.63</b>
<b>Annual Gross Domestic Product (GDP)<sup>2</sup></b>				
Nominal (NGDP) (in millions US\$)	3,992.1	4,345.4	4,345.4	4,345.4
RGDP growth (in percent)	4.8	4.3	4.6	4.6

Sources: AML, MLME, FSL, CEMENCO, LCCBC, RITCO, NICOM, MB, CEMENCO, CBL & LISGIS.

<sup>1</sup> Non-alcoholic beverages

<sup>2</sup> GDP was revised following the IMF- ECF review mission in April 2021

± - Not Available (na) \* - estimate

† - revise

## 4.0 MONETARY DEVELOPMENTS

## 4.1 Monetary Policy Stance

The CBL's monetary policy stance continues to be anchored on price stability with emphasis on the management of Liberian dollar liquidity. As part of the CBL's monetary policy operations, the Bank issued bills at tenors of two-weeks, one-month, and three-months at the annual policy rate (MPR) of 17.5 percent.

## 4.2 Monetary Aggregates

Provisional monetary statistics showed that broad money (M2) supply grew by 7.0 percent to L\$199.14 billion at end-July 2023, from L\$186.18 billion end-June 2023. From the liability side, this rise was mainly led by 9.1 percent and 7.1 percent increases in time & savings, and demand deposits, respectively. From the asset side, this development was largely driven by 49.7 percent increase in net foreign asset (NFA) and 2.8 percent increase in net domestic asset (NDA). Additionally, the stock of Liberian dollars in circulation rose to L\$26.38 billion at end-July 2023, from the L\$26.06 billion recorded at the end of the previous month. The growth was caused by 1.6 percent increase in currency outside banks. Currency outside banks increased to L\$24.17 billion, from L\$23.78 billion at end-June 2023.

Commercial banks' loans extended to various sectors of the economy in both currencies increased in July 2023. Private sector Loans denominated in Liberian dollars rose by 1.4 percent to L\$5,375.39 million, on account of increases in loans extended to the oil & gas, manufacturing, and trade subsectors by 28.9 percent, 25.4 percent, and 6.2 percent, respectively. Similarly, the US dollars denominated loans to the private sector grew slightly by 0.4 percent to US\$464.50 million, induced by expansions in loans advanced to the extractive, personal, and oil & gas subsectors by 162.2 percent, 27.9 percent, and 7.7 percent, respectively.

Sectoral distribution of commercial banks' credits showed that loans extended to oil & gas, manufacturing, and trade subsectors accounted for 58.3 percent of the total Liberian dollar denominated credits to the private sector. Additionally, the extractive, personal, and oil & gas subsectors constituted 30.3 percent of total United States dollar denominated credits extended to the private sector.

All deposits converted to Liberian dollars (as a percent of GDP) grew by 0.9 percentage point to 21.6 percent at end-July 2023, from the 20.7 percent reported in the preceding month. The growth was largely led by increases in time & savings, and demand deposits, respectively.

<b>Direction of Trade (DOT)</b>				
<b>Destination of Export</b>	85.28	111.57	93.16	95.82
Africa	2.2	1.1	5.4	1.4
o/w ECOWAS	0.1	0.1	0.2	0
o/w Neighboring Countries	0.1	0.1	0	-
Asia	6.7	2.8	4.2	3
o/w The Middle East	1	1.6	3.4	2
o/w United Arab Emirate	0.1	0.4	1.5	1.5
then China	9.9	0	0	0
Europe	64.9	102	80	86.5
o/w Euro Zone	0	5.4	5	0.1
o/w The United Kingdom	-	5.4	5	-
Switzerland	41	78.1	49.1	70.7
North America & The Caribbean	6.5	7.4	4.8	5.9
o/w USA	6.5	7	4.8	5.4
<b>Sources of Import (cif)</b>	<b>153.02</b>	<b>138.73</b>	<b>119.48</b>	<b>110.31</b>
Africa	36.9	46.07	24.77	9.13
o/w ECOWAS	32.05	36.01	16.9	1.59
o/w Neighboring Countries	30.13	36.12	17.18	2.59
o/w Cote D Ivoire	28.24	33.68	15.82	-
Asia	79.86	66.2	68.21	75.57
o/w The Middle East	11.89	9.68	5.39	5.12
o/w United Arab Emirate	4.39	5.89	1.89	2.11
o/w China	25.32	22.66	38.75	26.61
o/w India	27.31	19.56	8.76	32.37
Europe	27.18	14.49	17.11	15.08
o/w Europe Zone	20.37	12	12.77	13.23
o/w The United Kingdom	2.6	3.43	2.91	0.74
o/w Spain	0.71	0.76	1.32	0.73
North America & The Caribbean	5.89	6.35	5.33	7.68
o/w USA	5.64	6.13	4.85	7.33
South & Central America	2.95	5.48	3.65	2.63
o/w Brazil	2.14	4.61	2.47	1.41
o/w Argentina	0.14	0.27	0.53	0.23
Oceania	0.24	0.15	0.4	0.23
o/w Australia	0.1	0.13	0.14	0.09

## 6.2 Direction of Trade (DOT)

The main destination of Liberia's exports in July 2023 was Europe, which accounted for US\$86.5 million worth of the export proceeds, of which Switzerland accounted for US\$70.7 million. For the sources of imports to Liberia, Asia and Europe were the two main regions accounting for US\$75.6 million and US\$15.1 million, respectively. Imports from India, China, and the Europe Zone amounted to US\$32.4 million, US\$ 26.6 million, and US\$13.2 million, respectively, during the review month.



Table 6: External Sector Statistics

External Trade (Value)	Jul-22	May-23	Jun-23	Jul-23
	(Millions of US\$; Except Otherwise Indicated)			
Exports <sup>1</sup>	<b>85.27</b>	<b>112.63</b>	<b>98.20</b>	<b>97.74</b>
Iron Ore	19.01	22.7	25.94	10.11
Rubber	11.32	7.49	9.06	10.47
Gold	41.03	78.2	49.17	72.17
Diamond	1.76	1.99	2.35	2.16
Cocoa Bean	-	-	0.05	0.12
Palm Oil	6.67	1.07	5.05	1.93
Other Commodities	5.48	1.18	6.58	0.78
Imports (CIF) <sup>1†</sup>	<b>153.02</b>	<b>138.73</b>	<b>119.48</b>	<b>110.31</b>
Minerals, Fuel, Lubricants	36.35	42.45	20.23	4.49
o/w Petroleum Products	28.15	29.26	15.73	-
Food and Live Animals (incl. Animal and veg. oil)	37.95	27.5	23.8	37.66
o/w Rice	17.65	9.46	0.24	19.47
Machinery & Transport Equipment	35.64	36.35	37.6	32.67
Manufactured goods classified by materials	18.75	13.91	18.28	17.96
Other categories of imports	24.33	18.52	19.57	17.52
<b>Trade Balance</b>	<b>-67.75</b>	<b>-26.10</b>	<b>-21.28</b>	<b>-12.57</b>
<b>Total Trade</b>	<b>238.29</b>	<b>251.36</b>	<b>217.68</b>	<b>208.05</b>
<b>External Trade (Volume)</b>				
Rubber (MT)	6,362.56	4,808.33	5,908.87	7,013.44
Iron Ore (MT)	345,613.65	269,035.38	300,434.72	180,099.54
Cocoa Beans (MT)	-	-	16.62	35.03
Palm Oil (MT)	6,314.02	1148.06	6183.21	2,196.10
Gold (Oz)	30,101.52	47,551.41	30,797.84	44,448.66
Diamond (Crt)	2,682.41	3,413.92	2,977.81	3,140.55
Petroleum Products (MT)	36,964.41	54,476.76	29,625.26	-
Rice (MT)	42235.95	18555.44	473.18	35597.43
<b>Other Indicators</b>				
Net Foreign Reserves Position	331.68	290.27	274.38	257.70
Import (CIF)	132.98	126.39	108.56	97.17
Gross International Reserves (GIR) <sup>1</sup>	585.73	539.95	518.90	502.60
Import covers (In Month) <sup>†</sup>	3.3	3.4	3.7	3.8
<b>Personal Remittances</b>				
Inflows	55.75	72.48	65.05	60.02
Outflows	7.61	7.72	7.62	5.22
<b>Net Inflows</b>	<b>48.14</b>	<b>64.76</b>	<b>57.43</b>	<b>54.80</b>

Table 2: Monetary Aggregates Statistics

Monetary Aggregates	Jul - 22	May - 23	Jun - 23	Jul - 23
	<i>In Millions of LD; Except Otherwise Indicated</i>			
Liberian Dollars in Circulation - (LD)	22,851.17	26,213.82	26,059.37	26,384.19
-o/w Currency in banks (LD)	3,680.41	2,649.20	2,278.12	2,216.32
Money Supply (M1) in LD only	34,061.47	41,523.70	41,623.43	41,302.10
Quasi Money in LD only	7,185.74	7,876.02	7,911.04	8,985.48
Broad money (M2) in LD only	41,336.42	49,484.10	49,594.96	50,369.80
Broad money (M2) (both LD and USD Converted to LD)	146,511.06	178,416.43	186,180.84	199,143.30
Net Foreign Assets (NFA) – LD	17,736.82	21,872.89	16,489.27	24,686.93
Net Domestic Assets (NDA) – LD	128,774.24	156,543.54	169,691.57	174,456.38
Currency Outside Banks – LD	19,170.75	23,564.62	23,781.26	24,167.87
Demand Deposit – LD	81,045.75	104,954.79	106,508.92	114,043.74
Time & Savings Deposits – LD	45,933.07	49,458.79	55,433.75	60,488.00
Other Deposits – LD	361.48	438.23	456.92	443.69
<b>Loans to Private Sector</b>				
Commercial banks loans to private sector- USD	442.99	454.42	462.61	464.50
Commercial banks loans to private sector - LD	5,407.15	5,047.88	5,300.42	5,375.39
<b>Demand Deposits of commercial Banks</b>				
Demand deposits – USD	431.31	514.47	491.84	520.24
Demand deposits – LRD	14,890.72	17,959.08	17,842.17	17,134.23
Time & savings deposits – USD	252.62	245.91	263.61	276.48
Time & savings deposits – LRD	7,185.74	7,876.02	7,911.04	8,985.48
<b>Other Deposits**</b>				
Actual US\$ component of other Deposits	1.78	2.09	2.20	1.94
Liberian \$ component of other Deposits	89.21	84.39	60.49	82.22
<b>Total Deposits both (USD &amp; LRD) converted to LRD<sup>1</sup></b>	<b>127,340.31</b>	<b>154,851.81</b>	<b>162,399.59</b>	<b>174,975.44</b>
<b>Liberian Dollar share of Broad Money</b>	<b>28.21%</b>	<b>27.74%</b>	<b>26.64%</b>	<b>25.29%</b>

<sup>‡</sup> - Reserves excluding ECF borrowing from the IMF;

\* - estimate/projection

\*\* - Other Deposits Including Official and Manager Checks;

<sup>1</sup> - The total deposits (US and Liberian dollars) of commercial banks converted & expressed entirely in Liberian dollars.

### 4.3 FINANCIAL MARKET (FM) DEVELOPMENTS

To preserve the tight monetary policy stance and strengthen liquidity management, the CBL agreed to maintain the current Monetary Policy Rate (MPR) at 17.5% with an upper band of plus 500 basis point for standing credit facility in July 2023. In this light, the Bank through the Financial Markets Department (FMD) continued the issuance of CBL bills at the tenors of 2-weeks, 1-month, and 3-months and an effective annual rate of 17.5 percent.

At end-July 2023, the total CBL bills issued declined by 17.7 percent to L\$6,725.29 million, from the L\$8,171.75 million issued in June 2023. Of this amount, commercial banks subscribed to L\$6,588.67 million, whilst retail investors subscription amounted to L\$136.62 million. The total redemption for the month was L\$6,725.29 million. Accordingly, the Bank recorded a neutral effect because the CBL bill auction has reached its monetary target amount of L\$8,300.00 million which restricted the weekly redemption to serve as offer. The total outstanding CBL bills at end-July 2023 remained the same to that (L\$8,300.00 million) of the preceding month. Certainly, the performance of the CBL bill served its purpose by supporting the management of Liberian dollar liquidity in the economy during the month of July 2023.

There was no new issuance of US dollars and Liberian dollars Treasury securities by the CBL on behalf of the GoL during the review month. However, the outstanding US dollars T-bills remained US\$110.82 million, while the outstanding Liberian dollars T-bills also remained L\$8,683.22 million in July 2023. Additionally, US dollars Treasury bond reduced to US\$37.18 million, from US\$46.50 million in July, following a coupon payment of US\$9.32 million to commercial banks. The GoL has considered the rollover of US dollars treasury securities in 2023 for at most 2-years, however, it has committed itself of paying all interests on treasury securities.

The lending, savings, and time deposit rates were unchanged in July 2023 at 12.4 percent, 2.1 percent, and 3.5 percent, respectively, relative to the previous month. However, money markets instruments such as repo were not traded during the month. In the interbank market, commercial banks continued to trade with only non-interest-bearing swaps to ease the liquidity disparity among banks for their international and intra-country transactions (Table 3).

<b>Overall Balance (Surplus+; Deficit -)</b>	<b>26.96</b>	<b>(1.69)</b>	<b>8.30</b>	<b>34.61</b>	
Total Debt Stock	<b>1,911.98</b>	<b>2,126.55</b>	<b>2,124.53</b>	<b>2,192.84</b>	<b>3.22</b>
o/w Domestic	<b>817.29</b>	<b>960.93</b>	<b>951.62</b>	<b>951.62</b>	-
o/w Financial Institutions	748.32	833.25	823.93	823.93	-
o/w Other Debts	68.97	127.69	127.69	127.69	-
o/w External	<b>1,094.69</b>	<b>1,165.62</b>	<b>1,172.92</b>	<b>1,241.22</b>	<b>5.82</b>
o/w Multilateral	982.97	1,053.47	1,060.77	1,129.08	6.44
o/w Bilateral	111.72	112.14	112.14	112.14	-
<b>Memo Items</b>					
Government Revenue (% of GDP)	1.29	1.85	1.23	2.63	-
Government Expenditure (% of GDP)	0.61	1.89	1.04	1.84	-
Total Debt Stock (% of GDP)	48.11	49.09	49.05	50.62	-
NGDP (at Level)	3,974.44	4,331.56	4,331.56	4,331.56	-

Source: CBL calculation using MFDP's data

\*Projections

### 6.0 EXTERNAL SECTOR DEVELOPMENTS

#### 6.1 Merchandise Trade

Developments in the external sector showed the merchandise trade deficit narrowed by 40.9 percent, while total merchandise trade decreased by 4.4 percent in July 2023 compared to the previous month. Trade deficit reduced to US\$12.57 million (0.3 percent of GDP), from US\$21.28 million (0.5 percent of GDP), on account of reduction in import payments. Total merchandise trade fell to US\$208.05 million (4.8 percent of GDP), from US\$217.68 million (5.0 percent of GDP) in the preceding month due to declines in both export receipts and import payments.

Export earnings slightly fell by 0.5 percent to US\$97.74 million (2.3 percent of GDP) in July 2023, from US\$98.20 million (2.3 percent of GDP) in the previous month, occasioned mainly by decrease in receipts mainly from iron ore exports. Payments for merchandise imports decreased by 7.7 percent to US\$110.31 million (2.5 percent of GDP), from the US\$119.48 million (2.8 percent of GDP) recorded in June 2023. This development was mainly driven by decline in payments for machinery & transport equipment, and minerals, fuel, & lubricants.

Similarly, total government expenditure in July 2023 grew by 77.3 percent to US\$79.5 million (1.8 percent of GDP), from the US\$44.8 million reported in June 2023. This development was explained by significant growths in current, capital, and loans, interest & other charges' expenditures. Current expenditure expanded by 51.5 percent to US\$60.3 million (1.4 percent of GDP), while capital expenditure, and payments on loans, interest & other charges grew to US\$5.9 million (0.1 percent of GDP) and US\$13.3 million (0.3 percent of GDP), respectively, during the month under review.

## 5.2 Total Public Debt

At the end of July 2023, the stock of Liberia's debt expanded by 3.2 percent to US\$2,192.8 million (50.6 percent of GDP) compared to the stock reported at the end of June 2023. The growth in the debt stock was attributed to a 5.8 percent increase in external debt amidst no change in domestic debt. Domestic and external debts totaled US\$951.6 million (22.0 percent of GDP) and US\$1,241.2 million (28.7 percent of GDP), respectively at end-June 2023.

**Table 5. GOL's Fiscal Operations Statistics**

Fiscal Operations	Jul-22	Mar-23	Jun-23	Jul-23	M-O-M
	(Millions of USD)				(% Change)
Government Revenue	51.14	80.19	53.14	114.10	114.70
<i>o/w Tax Revenue</i>	45.11	43.88	46.69	42.57	(8.84)
<i>o/w Taxes on Income &amp; Profits</i>	18.03	21.84	17.42	18.05	3.58
<i>o/w Taxes on Int'l Trade (Customs)</i>	18.26	16.54	17.61	14.23	(19.19)
<i>o/w Non-tax Revenue</i>	4.81	11.32	6.45	6.53	1.29
<i>o/w Property Income</i>	3.35	9.08	2.51	1.28	(49.23)
<i>o/w Administrative Fees &amp; Penalties</i>	1.46	2.24	3.94	5.26	33.51
<i>o/w Other Revenue (Including Grants)</i>	1.22	25.00	-	65.00	-
Government Expenditure	24.18	81.89	44.84	79.49	77.26
<i>o/w Current Expenditure</i>	20.48	69.33	39.82	60.33	51.53
<i>o/w Compensation</i>	10.41	26.43	13.25	27.35	106.38
<i>o/w Goods and Services</i>	9.41	35.20	20.88	23.62	13.10
<i>o/w Capital Expenditure</i>	0.00	7.27	0.15	5.87	3,903.70
<i>o/w Payments on Loans, interest &amp; other charges</i>	3.70	5.29	4.88	13.29	172.41

**Table 3: Financial Market and Interest Rates Statistics**

Market Instruments (CBL indexed Bills)	July- 22	May-23	June-23	July-23
	<i>(In Millions of Liberian Dollar)</i>			
Bills Purchased per month on coupon basis	00.0	0.00	0.00	0.00
Redemption during the month (coupon rate)	00.0	0.00	0.00	0.00
<b>Bills (Index) outstanding on coupon basis</b>	00.0	0.00	0.00	0.00
Coupon rate on Index Bill (in %)	Na	Na	Na	Na
Bills Purchased per month on EAR basis	5,088.12	6,171.00	8,171.75	6,725.29
Redemption during the month (EAR basis)	5,088.12	5,235.00	8,092.92	6,725.29
<b>Bill Outstanding (EAR basis)</b>	7,000.00	8,221.17	8,300.00	8,300.00
Effective Annual Rate (EAR)	20.00	15	17.5	17.5
<b>Total Purchases (coupon rate &amp; EAR)</b>	5,088.12	6,171.00	8,171.75	6,725.29
<b>Total Redemption (coupon rate &amp; EAR)</b>	5,088.12	5,235.00	8,039.27	6,725.29
<b>Total Outstanding Bills (coupon rate &amp; EAR)</b>	7,000.00	8,221.17	8,300.00	8,300.00
<b>CBL Foreign Exchange Auction<sup>1</sup></b>	<i>(In Millions of United States Dollar)</i>			
US Dollar offered	0.00	0.00	0.00	0.00
US Dollar Amount Sold	0.00	0.00	0.00	0.00
Total Subscription	0.00	0.00	0.00	0.00
<b>Over (+)/ Under (-) Subscription</b>	0.00	0.00	0.00	0.00
<b>Treasury Securities</b>	<i>(In Millions of Liberian Dollar)</i>			
T- Bills Issued (in LD)	0.00	0.00	0.00	0.00
T- Bills Redeemed (in LD)	0.00	0.00	0.00	0.00
T-Bills Outstanding	2,437.72	8,683.22	8,683.22	8,683.22
<b>Net Treasury Bills Operations<sup>^</sup> withdrawal (+)/Injection (-)</b>	0.00	0.00	0.00	0.00
Ave. Weighted Discount Rate (T-Bills)	5.00	10.00	10.00	10.00
T- Bills Issued (In USD)	00.00	0.00	0.00	0.00
T- Bills Redeemed (Principal or Interest) (In USD)	23.88	0.00	0.00	0.00
T-Bills Outstanding (Repayment principal and interest)	19.64	110.82	110.82	110.82
Ave. Weighted Discount Rate (T-Bills)	7.16	7.16	7.16	7.16
Treasury Bond Issued (in LD for 2 years)	0.00	0.00	0.00	0.00
Treasury Bond Outstanding (In LD)	6,000.00	0.00	0.00	0.00

Coupon Payment	0.00	0.00	0.00	0.00
Outstanding coupon on Treasury Bond	0.00	0.00	0.00	0.00
Early Redemption	0.00	0.00	0.00	0.00
Coupon rate (%)	16.00	0.00	0.00	0.00
Treasury Bond Issued (USD)	0.00	0.00	0.00	0.00
Treasury Bond Principal Payment	4.16	0.00	0.00	0.00
Treasury Bond Outstanding (In USD) (Coupon and Principal)	45.38	46.50	46.50	37.18
Coupon Payments (USD)	0.08	0.00	0.00	9.32
Total T-Bond Outstanding (Coupon & Principal In USD)	45.38	46.50	46.50	37.18
	<i>(As specified)</i>			
SCF rate	25.00	17.5	17.5	17.5
SCF Amount (In Millions LD)	0.00	0.00	0.00	0.00
SDF overnight rate	0.00	0.07	0.00	0.00
SDF Amount (In Millions LD)	0.00	0.00	0.00	0.00
	<i>(As specified)</i>			
	<i>Interest Rates</i>			
- Lending rate	12.44	12.44	12.44	12.44
	<i>Average Deposit rates</i>			
-Savings	2.10	2.10	2.10	2.10
-Time	3.53	3.53	3.53	3.53
	<i>Money Markets Instrument (In percent)</i>			
Repo	0.00	0.00	0.00	0.00
Swap lending	2.00	0.00	0.00	0.00

Source : CBL

^ - with Liquidity Effect

/1 – CBL Foreign Exchange Auction includes use of the remittance split to ease the demand for foreign currency

/2 – Treasury Bill issued and redeemed during the month were in US Dollar

#### 4.4 BANKING SECTOR DEVELOPMENTS

The banking industry considerably remained in compliance with the sector's regulatory requirements during the review month. The industry liquidity ratio increased by 2.86 percentage points to 45.87 percent compared to the liquidity ratio of 43.01 percent reported at end-June 2023. Despite its decline, the industry liquidity ratio remained well-above the minimum regulatory requirement of 15.0 percent by 26.00 percentage points. The Capital Adequacy Ratio (CAR) declined by 3.61 percentage points to 18.68 percent at end-July 2023, from the 22.29 percent in the preceding month. However, the Capital Adequacy Ratio remained above the minimum regulatory requirement of 10.0 percent by 8.68 percentage points. Additionally, Return on Assets (ROA) rose by 0.28 percentage points to 1.33 percent, and Return on Equity (ROE) grew by 1.85 percentage points to 9.64 percent at end-July 2023.

Total gross loans grew by 3.5 percent to L\$92.19 billion in July 2023, from the L\$89.10 billion recorded in the previous month. This development was mainly attributed to increases in new facilities granted to the extractive, personal, and oil & gas Sectors. Similarly, the ratio of non-performing loans to total loans increased by 0.35 percentage points to 16.45 percent during the month under review against the 10.0 percent regulatory tolerable limit. The increase in NPLs largely reflected increased defaults in the payment of loan obligations.

**Table 4: Selected Financial Soundness Indicators (FSIs)**

Financial Soundness Indicators	Jul. - 22	May - 23	Jun - 23	Jul - 23
	<i>(In Billions of Liberian Dollar)</i>			
Total Gross Loans	76.12	82.13	89.10	92.19
Total Non-performing Loans	17.18	12.95	14.34	15.17
Non-performing Loans to Total Gross Loans (ratio)	22.57	15.77	16.10	16.45
Gross Loan (percent change)	1.05	0.46	8.48	3.47
Non-performing Loans (percent change)	1.19	(2.34)	10.73	5.75
Returns on Assets (ROA)	1.37	0.79	1.05	1.33
Returns on Equity (ROE)	8.97	5.88	7.79	9.64
Liquidity Ratio***	39.94	44.58	43.01	45.87
Capital Adequacy Ratio (CAR)****	25.30	22.29	22.29	18.68

Source : CBL

\*\*\*\* - The Minimum Capital Adequacy Ratio is 10%

\*\*\* - The Required Minimum Liquidity Ratio is 15%

#### 5.0 FISCAL SECTOR DEVELOPMENTS

##### 5.1 Total Revenue and Expenditure

From provisional statistics, the Government of Liberia's (GoL's) fiscal operations in July 2023 improved significantly as the overall balance (OB) grew to a surplus amounting to 0.8 percent of GDP against the 0.2 percent of GDP surplus reported during the previous month. This development was due to a significant increase in total revenue which outweighed the rise in government total expenditure.

Total revenue grew by more than one hundred percent to US\$114.1 million (2.6 percent of GDP) in July 2023 compared to the US\$53.1 million (1.2 percent of GDP) recorded during the preceding month. The growth in revenue was largely attributed to a significant increase in other revenues (inclusive of grants). Additionally, non-tax revenue also grew by 1.3 percent to US\$6.5 million (0.2 percent of GDP), on account of growth in receipts from administrative fees & penalties. Conversely, tax revenue fell by 8.8 percent to US\$42.6 million (1.0 percent of GDP), due to 19.2 percent decline in international trade tax as taxes on income & profits increased. International trade tax amounted to US\$14.2 million (0.3 percent of GDP) while income & profits tax totaled US\$18.1 million (0.4 percent of GDP).